

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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O 161645Z JAN 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC IMMEDIATE 7012

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 423

EXDIS

EO 11652: GDS

TAGS: EFIN GR

SUBJECT: POSSIBLE ECONOMIC ASSISTANCE TO GREECE

REF: A. ATHENS 0341; B. STATE 07285; C. STATE 08364;

D. ATHENS 076

1. OVER THE PAST TWO DAYS I HAVE MET SEPARATELY WITH COORDINATION AND PLANNING MINISTER PAPALIGOURAS, FOREIGN MINISTER BITSIOS AND DEFENSE MINISTER AVEROFF AND CARRIED OUT THE INSTRUCTIONS CONTAINED IN REF B (STATE 07285), CONCERNING POSSIBLE ECONOMIC ASSISTANCE TO GREECE. I DECIDED TO TAKE THIS UP WITH ALL THREE MINISTERS BECAUSE, APPARENTLY ON INSTRUCTIONS FROM PRIME MINISTER CARAMANLIS, THEY HAD JOINTLY PRESENTED ME WITH THE MEMORANDUM ON THIS SUBJECT ON JAN 4. HOWEVER, IN THE INTERIM, IT HAS BECOME CLEAR THAT PAPALIGOURAS HAS THE PRIME RESPONSIBILITY FOR CARRYING FORWARD ON THIS SUBJECT WITH US.

2. WHEN I MET WITH PAPALIGOURAS AND GAVE HIM THE WASHINGTON REACTION IN PRINCIPLE, NAMELY THAT WE WOULD CONSIDER ANY GREEK REQUEST FOR ECONOMIC ASSISTANCE AS SYMPATHETICALLY AND FAVORABLY AS POSSIBLE GIVEN OUR OWN ECONOMIC SITUATION AND CONSTRAINTS, THE ENERGY CRISIS AND WORLDWIDE REQUIREMENTS FOR EMERGENCY AID, PAPALIGOURAS SAID HE APPRECIATED THIS AND KNEW CARAMANLIS WOULD ALSO. AS WE DISCUSSED SENDING ECONOMIC EXPERTS FROM WASHINGTON TO ATHENS, OR VICE VERSA, PAPALIGOURAS PROPOSED A FOUR STEP APPROACH TO THE PROBLEM.

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3. PAPALIGOURAS SUGGESTED AS A FIRST STEP THAT THE USG SEND HIM AN INFORMAL LIST OF QUESTIONS AND POINTS WHICH WE BELIEVE SHOULD NOW BE DISCUSSED AT THE EXPERT OR PROFESSIONAL LEVEL. ONCE WE FURNISH HIM THIS LISTING, HE SAID HE WOULD SEE THAT THE NECESSARY INFORMATION WAS MARSHALLED HERE IN ATHENS TO RESPOND. THEN, AS A SECOND STEP, HE THOUGHT THE US COULD SEND A SMALL PROFESSIONAL OR EXPERT-LEVEL TEAM TO ATHENS FOR A DISCUSSION OF THESE QUESTIONS AND POINTS. DURING THE COURSE OF THESE DISCUSSIONS IN ATHENS, PAPALIGOURAS ANTICIPATED THAT FURTHER QUESTIONS OR A NEED FOR FURTHER FACTS MIGHT ARISE. THE US TEAM COULD THEN RETURN TO WASHINGTON AFTER A VISIT OF PERHAPS ONLY SEVERAL DAYS IN ATHENS, AND THIS WOULD BE FOLLOWED BY THE THIRD STEP, NAMELY, THE VISIT OF A GREEK PROFESSIONAL TEAM TO WASHINGTON TO TRY AND IRON OUT THE FINAL DETAILS OF A PLAN AND PROGRAM FOR ECONOMIC COOPERATION AND US ASSISTANCE. THIS WOULD BE FOLLOWED BY THE FOURTH STEP, WHICH WOULD BE A VERY HIGH, POLICY LEVEL MEETING BETWEEN OFFICIALS OF THE TWO GOVERNMENTS (PAPALIGOURAS WAS OBVIOUSLY THINKING OF HIMSELF AS REPRESENTING THE GREEK SIDE IN EITHER WASHINGTON OR ATHENS, TO APPROVE THE PLAN AND PROGRAM WHICH HAD BEEN DISCUSSED AND NEGOTIATED. PAPALIGOURAS ANTICIPATED THAT THIS ENTIRE 4-STEP PROGRESS COULD BE COMPLETED BETWEEN NOW AND MID MARCH. TO DO SO HE VERY MUCH HOPED, IF WASHINGTON AGREED, THAT THE FIRST STEP, OR SENDING OF THE LIST OF QUESTIONS OR POINTS TO ATHENS, COULD BE ACCOMPLISHED BY THE MIDDLE OF NEXT WEEK.

4. I TOLD PAPALIGOURAS THAT I WOULD REPORT HIS PROPOSED PLAN OF APPROACH TO WASHINGTON AND LET HIM KNOW THE REACTION THERE AS SOON AS POSSIBLE.

5. AT THE SAME TIME I TOLD HIM ABOUT THE IMF/IBRD MEETINGS THAT WERE SCHEDULED TO TAKE PLACE IN WASHINGTON DURING THE LATTER PART OF THIS WEEK, JAN 15-17, AND SAID THAT USG OFFICIALS WERE STANDING BY TO ARRANGE PRELIMINARY CONSULTATIONS WITH GREEK OFFICIALS WHO MIGHT BE ATTENDING THESE IMF/IBRD MEETINGS.

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6. PAPALIGOURAS DID NOT FAVOR THIS IDEA. HE SAID THAT THE GOG WAS NOT SENDING ANY SPECIAL OR IMPORTANT GREEK REPRESENTATIVES TO THESE MEETINGS BUT WOULD BE RELYING ON THEIR FINANCIAL ATTACHE AT THE GREEK EMBASSY IN WASHINGTON, WHO SERVED AS THEIR PERMANENT REPRESENTATIVE TO THE IMF/IBRD, TO COVER THESE MEETINGS FOR THE GOG. THIS OFFICIAL WAS NOT QUALIFIED TO ENTER INTO THE KIND OF DISCUSSIONS WITH US THAT PAPALIGOURAS AND THE CARAMANLIS GOVERNMENT HAD IN MIND.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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O 161645Z JAN 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC IMMEDIATE 7013

C O N F I D E N T I A L SECTION 2 OF 2 ATHENS 423

EXDIS

7. IN RESPONSE TO MY QUESTION, PAPALIGOURAS SAID THAT AN IBRD TEAM HEADED BY GORDON BILLINGTON WOULD ARRIVE IN ATHENS ON JAN 20 FOR A STAY OF ABOUT TWO WEEKS IN ORDER TO PREPARE AN ECONOMIC APPRAISAL OF GREECE FOR THE IBRD. ALSO, THE IMF WOULD BE SENDING A MISSION TO GREECE FOR THE PERIOD FEB 10-21 (WHICH I UNDERSTOOD HIM TO SAY WOULD BE HEADED BY AN AUSTRALIAN NAMED TAYLOR) TO PREPARE AN ECONOMIC/FINANCIAL STUDY AND REPORT. PAPALIGOURAS THOUGHT THAT THE IMF STUDY WOULD BE BY FAR THE MORE IMPORTANT TO GREECE, INDICATING HOWEVER THAT THE IBRD APPRAISAL COULD POSSIBLY LEAD TO IMPORTANT PROJECT OR SECTORAL ASSISTANCE FROM THE WORLD BANK. PAPALIGOURAS WENT ON TO SAY THAT THERE WAS A SMALL IBRD TEAM IN GREECE NOW THAT WAS LOOKING INTO THE POSSIBILITY OF FINANCING SEVERAL IMPORTANT IRRIGATION PROJECTS.

8. PAPALIGOURAS SEEMED TO HAVE IN MIND A CAREFUL DOVETAILING OF THE IMF AND IBRD MISSIONS WITH HIS OWN BILATERAL DISCUSSIONS AND NEGOTIATIONS WITH THE USG. HE ALSO APPEARED TO ENVISAGE UNDERTAKING CONTACTS WITH SOME OF THE WESTERN EUROPEAN GOVERNMENTS AND IN CERTAIN COMMERCIAL AND FINANCIAL WORLD CAPITALS SO AS TO DEVELOP A BROAD PROGRAM OF ASSISTANCE AND SUPPORT FOR THE CARAMANLIS GOVERNMENTS ECONOMIC PLANS AND PROGRAMS FOR 1975.

9. I REPEATED TO PAPALIGOURAS THAT THERE WAS STRONG HIGH LEVEL INTEREST IN WASHINGTON IN PROVIDING ECONOMIC

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AND FINANCIAL ASSISTANCE TO THE CARAMANLIS GOVERNMENT IF APPROPRIATE MEANS AND WAYS OF DOING SO COULD BE FOUND. I TOLD HIM I HAD DISCUSSED THIS MATTER PERSONALLY WITH SECRETARY KISSINGER, DEPUTY SECRETARY INGERSOLL AND UNDER SECRETARY ROBINSON AND THAT I WAS UNDER THE IMPRESSION THAT UNDER SECRETARY ROBINSON INTENDED PERSONALLY TO OVERSEE OUR EFFORTS TO COOPERATE IN THIS FIELD WITH THE CARAMANLIS GOVERNMENT.

10. ACTION REQUESTED: I WOULD APPRECIATE KNOWING WHETHER PAPALIGOURAS FOUR-STEP APPROACH IS ACCEPTABLE TO WASHINGTON AND, IF SO, BEING FURNISHED WITH THE LIST OF QUESTIONS AND POINTS WHICH HE HAS REQUESTED AS STEP 1. IN ANY CASE, I WOULD LIKE VERY MUCH TO BE ABLE TO GO BACK TO HIM AGAIN EARLY NEXT WEEK, BY JAN 21 IF POSSIBLE, TO BRIEF HIM ON WHERE MATTERS STAND. IT IS OBVIOUS THAT THE GOG IS GIVING THIS SUBJECT A HIGH DEGREE OF URGENCY, AND OUR PROMPTNESS AND RESPONSIVENESS IN DEALING WITH IT WILL BE VIEWED HERE AS A MEASURE OF OUR CURRENT ATTITUDE AND POLICY TOWARD THE CARAMANLIS GOVERNMENT. KUBISCH

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